

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0783-03
Bill No.: Truly Agreed To And Finally Passed SCS for HB 603
Subject: Promotes Alzheimer's Awareness and creates the Department of Health and Senior Services
Type: Original
Date: May 9, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$19,920)	(\$3,152)	(\$3,247)
Other Funds*			
Total Estimated Net Effect on <u>All</u> State Funds	(\$19,920)	(\$3,152)	(\$3,247)

* Other Funds transfers-in and transfers-out exceed \$3.9 million in FY 02 and net to \$0.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal Funds	(\$2,205)	(\$3,028)	(\$3,119)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$2,205)	(\$3,028)	(\$3,119)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health (DOH)** stated they have been working with the Department of Social Services (DOS) to identify what resources within the DOS (including the Division of Aging budget) are currently supporting the functions of the Division of Aging. In addition, the DOH has provided a cost estimate and detailed analysis of what resources the DOH will require to manage the obligations of the Division of Aging during and immediately following the transfer from the DOS to the DOH. The estimated budget and corresponding analysis has been provided to the Office of Administration - Budget and Planning, for review and a decision as to when the transfer from the DOS to the DOH will/or should occur. If the cost estimates given to the Office of Administration - Budget and Planning are included in the transfer, the transfer should be cost neutral. If the DOH does not receive the estimated costs in the transfer then the transfer will not be cost neutral. The transfer requested dollars and FTE are complex; a summary follows:

Current resources being proposed by the Department of Social Services for transfer to current department of Health for reorganized department:

The Missouri Department of Health would need all current resources identified within the budget of the Division of Aging plus the additional resources listed below that are currently located within various areas of the Department of Social Services.

LOCATED WITH DEPARTMENT OF SOCIAL SERVICES:

TOTAL \$884,435 19.96 FTE

LOCATED WITHIN THE DIVISION OF AGING:

TOTAL \$94,705,529 831.37 FTE

General Revenue	\$42,143,958
Federal	\$48,726,477
Other	\$ 3,835,094
Indirect	\$1,400,000

*** CURRENT DEPARTMENT OF HEALTH NEEDS IN ADDITION TO THOSE IDENTIFIED BY DEPARTMENT OF SOCIAL SERVICES**

Budget and Finance	19.04 FTE
General Services	*Staff will need to be transferred relating to General Services functions; however, that number has not yet been determined
Legal Services	3.34 FTE
Data Processing	9.50 FTE
Personnel	4.7 FTE

ASSUMPTION (continued)

Oversight assumes the additional staffing needs would be requested through the normal budgetary process.

Officials from the **Office of the Secretary of State (SOS)** stated this bill promotes Alzheimer's Awareness and creates the Department of Health and Senior Services. The Department of Health and Senior Services will promulgate rules and transfer existing rules to implement this bill. Based on experience with other divisions, the rules, regulations, and forms issued by the Department of Health and Senior Services could require as many as 270 pages in the *Code of State Regulations*. Of these pages 210 are pages that will move from Social Services to the Department of Health and Senior Services, 40 are pages that will be published in Social Services showing that the rules are moved and 20 are new pages for rules promulgated for Alzheimer's Awareness, Standards and Training. Approximately 345 pages will be published in the Missouri Register for transferred, amended, and new rule-makings. Due to the shift in moving this quantity of pages in Code, the volumes will have to be divided in a different manner. This will require producing new binder labels and volume sheets for the Code of State Regulations at a cost of approximately \$2,400. These costs are estimated. The cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulation is \$27.00. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. The SOS estimates the cost of this proposal to be \$17,625 in FY 02.

Oversight assumes the SOS would consider raising fees in subsequent years to defray the costs associated with changes to the proposed legislation. Oversight is unable to estimate the potential revenue resulting from an increase in fees.

Officials from the **Department of Economic Development (DED)** did not respond to our request for fiscal impact. However, in a prior version of the proposed legislation, the DED stated the proposed legislation would not have a fiscal impact on their organization.

Officials from the **Missouri Senate** stated the proposed legislation would not have a fiscal impact on their organization.

Officials from the **Department of Mental Health (DMH)** stated this bill does not require any action, or add any responsibilities to the DMH. The additional duties and responsibilities accrue to the Department of Health and Senior Services and the Division of Aging. The DMH officials stated, therefore, there is no fiscal impact to the DMH.

Officials from the **Office of the Governor (GOV)** did not respond to our request for fiscal impact. However, in a prior version of the proposed legislation, the GOV stated the proposed legislation would have no direct cost to the GOV.

ASSUMPTION (continued)

Officials from the **Department of Social Services - Division of Aging (DA)** stated that currently the DA provides some technical assistance and training related to Alzheimer's disease and related dementia and is working with the Department of Mental Health (DMH) to develop dementia specific training materials for DA social workers and supervisors. Additionally, the Alzheimer's Association offers dementia specific videos at no charge and provides other training from their chapters for a minimal fee to cover their expenses. The DA routinely refers consumers with specific Alzheimer's related questions to the Alzheimer's Association chapter offices located nearest to their community. Through the Alzheimer's Coalition, the DA partners with the five (5) Missouri Alzheimer Association (AA) chapters, meeting on a quarterly basis to exchange information. The DA believes staff within the division will be able to support these activities without the need for additional FTE.

The DA assumes the Alzheimer's Coalition could be expanded to include other state agencies, industry associations, institutions of higher learning with expertise in dementia care and would act as the committee responsible for assisting the DA in : developing regulations related to the training requirements; determining minimum training requirements for employees responsible for direct and indirect care of patients with Alzheimer's disease or related dementia; maintaining up-to-date information regarding training materials and dementia-specific trainers; and providing technical assistance. The DA estimates the committee would meet no more than semiannually and that costs would not be significant for these meetings.

If it is the intent of this legislation for the DA to actually develop and maintain training packages or materials to be utilized by others for training, then the DA would anticipate one-time costs for the development of these training materials to be approximately \$30,000 (\$10.00 per unit for each of the approximately 2,000 provider agencies and an additional 1,000 copies to be used by the DA and to be made available on a loaner basis to independent contractors). Additionally, the DA would anticipate ongoing cost for annual updates of the training materials of \$4.00 per unit for an annual cost of \$12,000.

The DA Institutional Services (DAIS) is responsible for surveying skilled nursing facilities and intermediate care facilities participating in the Medicare/Medicaid programs; conducting state licensure inspections in skilled nursing facilities, intermediate care facilities and residential care facilities; and investigating allegations of abuse, neglect, exploitation or violations of regulations in skilled nursing facilities. The DAIS believes the establishment of Alzheimer's and related dementia specific training requirements in facilities licensed by the DA pursuant to chapter 198 and adult day care programs established pursuant to section 660.400, RSMo, will not significantly increase the amount of time spent by field survey staff in conducting inspections, surveys and/or complaint investigations as they already review training documentation.

The DA Home and Community Services (DAHCS) is responsible for monitoring in-home services providers and other contracted service providers and investigating allegations of abuse, neglect, exploitation or other compliance requirements. The DAHCS believes the establishment

ASSUMPTION (continued)

of Alzheimer's and related dementia specific training requirements will not significantly increase the amount of time spent by HCS staff responsible for monitoring activities as they already review training documentation.

The DA estimates the total number of agencies requiring training will be in excess of 1,900, composed of 71 hospice agencies, 195 home health agencies, 668 residential care facilities, 477 skilled nursing facilities, 67 intermediate care facilities, 392 in-home service providers, and 72 adult day care programs. Additionally, the proposed legislation requires training for the 550+ DA employees and an unknown number of independent care workers serving elders in the homes.

The DA assumes the training will consist of, at a minimum, 2 hours for new employees for those providing direct care to clients or residents. Costs for this training would be borne by the providers. For employees who come into indirect contact with clients or residents and for ongoing in-service training, the DA assumes a one hour training session will be sufficient. Again, costs would be borne by the providers and the DA would incorporate the requirement into its existing staff development program.

The DOS officials assume the DA's 831.37 FTE and House Bill 11 appropriations of \$94,705,529 would be transferred from the DOS to the Department of Health and Senior Services (DHSS). The DOS states the House Bill 13 appropriations associated with the DA would also be transferred. The DOS would identify the support staff associated with the DA transfer. The FTE and the associated personal services, expense and equipment, and program specific distribution amounts would be transferred to the DHSS. The DOS states the fiscal impact would be a savings to the DOS with an identical cost to the DHSS. The DOS states the net effect to the state would be \$0. The DOS assumes the transfer would be effective July 1, 2001, with a full year savings shown in FY 02.

DA assumes that in order for the State Board of Senior Services to advise the DHSS in the promulgation of rules and regulations, formulation of the budget and planning for and operation of the department, the board would need to meet quarterly. The DA estimates the costs for quarterly meetings would be approximately \$6,000 annually.

The DA officials stated the proposed legislation will impact local fiscal governments to the extent that provider agencies, some of which are local government units, will now be mandated to comply with regulations on specific orientation training and in-services on the topic of Alzheimer's disease and other dementia. This will impact these local governmental units as a result of costs incurred for: training materials, staff time spent in training (i.e. staff to cover unit while other staff are in training) and trainer fees, as applicable.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE			
<u>Revenue - Office of Secretary of State</u>			
Publication Fees	\$0	Unknown	Unknown
<u>Costs - Office of Secretary of State</u>			
Printing Costs	(\$17,625)	(Unknown)	(Unknown)
<u>Transfer In - Department of Health</u>			
Division of Aging Program Transfer	\$43,408,277	\$0	\$0
<u>Transfer Out - Department of Social Services</u>			
Division of Aging Program Transfer	(\$43,408,277)	\$0	\$0
<u>Costs - Division of Aging</u>			
Board Meeting Expenses	(\$2,295)	(\$3,152)	(\$3,247)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$19,920)</u>	<u>(\$3,152)</u>	<u>(\$3,247)</u>
OTHER FUNDS			
<u>Transfer In - Department of Health</u>			
Division of Aging Program Transfer	\$3,950,147	\$0	\$0
<u>Transfer Out - Department of Social Services</u>			
Division of Aging Program Transfer	(\$3,950,147)	\$0	\$0
NET ESTIMATED EFFECT ON OTHER FUNDS*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FEDERAL FUNDS

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Transfer In - Department of Health</u>			
Division of Aging Program Transfer	\$50,188,271	\$0	\$0
<u>Transfer Out - Department of Social Services</u>			
Division of Aging Program Transfer	(\$50,188,271)	\$0	\$0
<u>Costs - Division of Aging</u>			
Board Meeting Expenses	<u>(\$2,205)</u>	<u>(\$3,028)</u>	<u>(\$3,119)</u>

**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS** **(\$2,205)** **(\$3,028)** **(\$3,119)**
 * Other Funds transfer-in and transfer-out exceed \$3.9 million in FY 02 and net to \$0.

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

The proposed legislation would be expected to increase the costs to small businesses to the extent they would be required to provide additional training for employees working with individuals with Alzheimer's disease and other dementia.

DESCRIPTION

The proposed legislation would mandate the governor to issue a proclamation setting the second Tuesday of March as "Alzheimer's Awareness Day".

The Department of Health will be known as the "Department of Health and Senior Services" and the Division of Aging within the Department of Social Services will be transferred from the Department of Social Services via a type I transfer to the Department of Health. The Division would be required to provide up-to-date information and technical assistance related to the needs and interests of persons with Alzheimer's disease or related dementia, including dementia-specific training materials and trainers. The dementia-specific information and technical assistance is to be maintained and provided in consultation with agencies, organizations and/or institutions of higher learning with expertise in dementia care.

DESCRIPTION (continued)

By January 1, 2002, the Division must establish minimum dementia-specific training requirements for employees involved in the delivery of care to persons with Alzheimer's disease or related dementia who are employed by skilled nursing facilities, intermediate care facilities, residential care facilities, agencies providing in-home care services, adult daycare programs, independent contractors providing direct care to persons with Alzheimer's disease or related dementia, hospice programs and the Division of Aging. The training will be incorporated into new employee orientation and on-going in-service curricula for all employees involved in the care of persons with dementia. The Department of Health shall, by January 1, 2002, establish minimum dementia-specific training requirements for employees involved in the delivery of care to persons with Alzheimer's disease or related dementia who are employed by home health and hospice agencies. The training will be incorporated into the home health and hospice agency's new employee orientation and on-going in in-service curricula for all employees involved in the care of persons with dementia. The training need not require additional hours of orientation or on-going in service but shall include, at a minimum, an overview of Alzheimer's disease and related dementia, communicating with persons with dementia, behavior management, promoting independence in activities of daily living, and understanding and dealing with family issues. For employees not providing direct care, but possibly having contact with persons with Alzheimer's disease or related dementia, the training shall include an overview of dementia and communicating with persons with dementia. As used in Section 660.050, the term "employee" includes persons hired as independent contractors.

The legislation provides that all authority, powers, duties, functions, records, personnel, property, contracts, budgets, matters pending and other pertinent vestiges of the Division of Aging will be transferred to the Department of Health and Senior Services.

A "State Board of Senior Services" will be created which will consist of seven members, appointed by the Governor, with the advice and consent of the Senate. No member of this board shall hold any other office or employment under the State of Missouri other than in a consulting status relevant to the member's professional status, licensure or designation. Not more than four members are to be from the same political party. Each member is to serve a four-year term after an initial phase-in period and no person may serve for more than two terms. The legislation outlines specifically which fields of expertise from which board members are to be appointed. The members shall receive actual and necessary expenses plus \$25 per day for each day of actual attendance. The State Board of Senior Services shall advise the Department of Health and Senior Services in the promulgation of rules and regulations, formulation of the budget, and planning for and operation of the Department.

Any rule or portion thereof, as defined in section 536.010, RSMo, shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo and/or section 536.028, RSMo. This chapter and section are nonseverable and if any powers vested with the DESCRIPTION (continued)

General Assembly to review, delay the effective date, or to disapprove and annul a rule are

HW-C:LR:OD (12/00)

subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2001, shall be invalid and void.

This legislation is not federally mandated, would not duplicate any other program.

SOURCES OF INFORMATION

Department of Health

Department of Mental Health
Department of Social Services
Office of the Secretary of State
Missouri Senate

NOT RESPONDING: Department of Economic Development and Office of the Governor

A handwritten signature in black ink, appearing to read "Jeanne Jarrett", with a stylized, cursive script.

Jeanne Jarrett, CPA
Director

May 9, 2001